

UNITED STATES OF AMERICA	:	Crim. No. 04-
	:	
v.	:	Hon.
	:	
STUART BOCKLER	:	15 U.S.C. §§ 77q(b) and 77x
	:	18 U.S.C. § 2

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting in Newark, charges:

UNDISCLOSED COMPENSATION

The Defendant

1. At all times relevant to this Indictment, defendant **STUART BOCKLER** was a resident of Morgansville, New Jersey, and a former registered stock broker. **BOCKLER** was a corporate public relations consultant who controlled and operated, as the sole employee, three public relations-related companies -- International Market Advisors Inc., International Market Call Inc., and Imcadvisors, Inc. -- and a related Internet website www.imcadvisors.com.

The Relevant Entities

2. At all times relevant to this Indictment:

a. Global Datatel, Inc. ("Global") was a Nevada corporation with principal offices located in Palm Beach County, Florida. Global purported to have expertise in the areas of Internet/intranet implementation, e-commerce, enterprise resource planning and Y2K testing and compliance. From in or about January 1999 to at least in or about October 1999, Global was a publicly traded company listed on the Over-the-Counter Bulletin Board (OTC Bulletin Board) and traded under the symbol "GDIS." The OTC Bulletin Board was an electronic quotation

system that displayed real-time quotes, last-sale prices, and volume information for many over-the-counter securities that were not listed on the Nasdaq Stock Market or a national securities exchange.

b. International Market Advisors Inc. (“IMA”) was a New Jersey corporation with principal offices located in Vernon, New Jersey. IMA was a public relations firm that provided public relations services to companies, for consideration. Defendant **STUART BOCKLER** acted as IMA’s President.

c. International Market Call Inc. (“IMC”) and Imcadvisors, Inc. were IMA-affiliated companies controlled and operated by **BOCKLER** that were in the business of producing and distributing investment analysis reports to institutional investors and the investing public. Starting in or about 1999, **BOCKLER** began to use the Internet to disseminate such investment reports and to operate the Internet website www.imcadvisors.com.

The SEC and the Securities Laws

3. At all times relevant to this Indictment:

a. The Securities and Exchange Commission (the “SEC”) was an independent agency of the United States which was charged by law with the duty of protecting investors by regulating and monitoring the trading of securities within the United States and enforcing the federal securities laws, including the use of interstate commerce for the purposes of offering securities for sale and the dissemination of news and information about securities.

b. Under the federal securities laws, pursuant to Section 17(b) of the Securities Act of 1933, codified at 15 U.S.C. § 77q(b), a stock promoter who published information about a public company, though not purporting to offer a security for sale, was required to disclose the

existence and amount of any consideration he received or expected to receive in connection with that promotion. This provision was commonly referred to as the “Anti-Touting” provision.

The January 1999 Consulting Agreement

4. On or about January 5, 1999, on behalf of IMA, defendant **STUART BOCKLER** executed a written agreement with Global whereby IMA became Global’s non-exclusive public relations consultant for one year (the “Consulting Agreement”).

5. Pursuant to Section 3 of the Consulting Agreement, titled “Duties of Consultant,” **BOCKLER** and IMA agreed, among other things, to do the following:

- a. Prepare at least two written Global investment reports per quarter. The investment reports detailed Global’s products, management results, prospects, trading history, and projected results and stock performance;
- b. On a monthly basis, release the Global investment reports to, among others, Nelsons Institutional Research Library, Bloomberg Terminals World Wide, and Multex Research Library;
- c. Mail approximately 2,500 Global investment reports, each month, to IMA’s database of brokers, market makers, traders, investors, shareholders, and members of the financial community and the financial news media; and
- d. On a monthly basis, prepare and transmit 30,000 emails to recipients directing them to IMA’s website to view the Global investment reports.

6. Pursuant to Section 4 of the Consulting Agreement, titled “Securities Laws, Rules and Regulations,” **BOCKLER** and IMA acknowledged, among others things, that they were

aware of their duties and obligations under the federal securities laws regarding the dissemination of information to the public.

7. Pursuant to Section 7 of the Consulting Agreement, titled “Consideration,” in return for defendant **STUART BOCKLER**’s consulting services, Global agreed to pay **BOCKLER**:

a. 25,000 “free trading” or unrestricted shares of Global stock, due no later than the execution of the Consulting Agreement;

b. Warrants to purchase 150,000 free trading shares of Global stock at a price of \$5.50 per share, payable within 30 days of execution of the Consulting Agreement.

The warrants could be exercised at any time within two years; and

c. A bonus of an additional 25,000 free trading shares if Global’s stock price reached \$15 for ten (10) trading days during the one year period of the Consulting Agreement.

8. Pursuant to Section 6 of the Consulting Agreement, titled “Budgets and Payments,” Global also agreed to pay IMA the costs associated with the public relations activities required by the agreement, and IMA agreed to provide Global, before the 15th of each month, with a monthly accounting of expenditures.

9. In addition, pursuant to Section 7.5 of the Consulting Agreement, Global agreed to reimburse IMA for any out-of-pocket expenses incurred for public relations activities for which IMA had obtained Global’s prior approval.

The Global Stock Touting

10. From in or about January 1999 to in or about October 1999, defendant **STUART BOCKLER** prepared and disseminated approximately eleven (11) Global investment reports containing glowing company news about Global and making “Buy” and “Strong Buy” recommendations designed to induce the investing public to purchase Global stock.

11. As required by the Consulting Agreement for each Global investment report, **BOCKLER** disseminated approximately 30,000 emails to recipients directing them to IMA’s website to view the Global investment reports that he had written.

12. For each Global investment report, **BOCKLER** made the following disclosure:

International Market Advisors, Inc. and or International Market Call Inc., or its affiliated companies and/or their Officers, Directors, Employees or Shareholders may at times have a position, including an arbitrage or option position, in the securities described herein and may sell or buy them. These companies may from time to time act as a consultant to a company being reported upon.

13. At no time did **BOCKLER** disclose in the Global investment reports, among other things, that:

a. **BOCKLER** was a paid consultant to Global.

b. Global had agreed pursuant to the Consulting Agreement to pay **BOCKLER** a total of 25,000 free trading shares of Global stock; warrants to purchase 150,000 free trading shares of Global stock at a price of \$5.50 per share; and a bonus of an additional 25,000 free trading shares, if Global’s stock price reached \$15 for ten (10) trading days during the one year period of the Consulting Agreement.

14. At various time after defendant **STUART BOCKLER** disseminated the Global investment reports, the Global stock price rose significantly as **BOCKLER** had intended. For instance, shortly after **BOCKLER** issued his first Global investment report on or about January 12, 1999, the Global stock price rose from \$7.19 per share on January 22, 1999 to \$10.25 per share by the end of February 1999. After **BOCKLER** disseminated another Global investment report in March 1999, the Global stock price reached a high of \$16.84 per share on or about April 8, 1999.

15. Between January and February 1999, Global delivered 18,750 free trading shares of Global stock to defendant **STUART BOCKLER**, which shares were a portion of the 25,000 free trading shares Global owed **BOCKLER** as compensation under the Consulting Agreement.

16. Upon receipt of the Global stock described in the preceding paragraph, and while making “Buy” and “Strong Buy” recommendations in investment reports posted to the website, **BOCKLER** began selling his Global stock. From January 1999 to February 1999, **BOCKLER** sold all 18,750 shares of Global stock at prices ranging from \$8 to \$11 per share for a total profit of approximately \$175,000. **BOCKLER** failed to disclose the receipt, or sale of his Global stock, or the resulting profits, in his subsequent Global investment reports.

17. Commencing on or about May 7, 1999 and continuing for ten (10) days, the Global stock price maintained a daily average stock price in excess of \$15, which, pursuant to the Consulting Agreement, triggered Global’s obligation to pay **BOCKLER** a bonus of an additional 25,000 free trading shares of Global stock. **BOCKLER** failed to disclose the bonus arrangement in any of his Global investment reports.

The September 1999 Amended Consulting Agreement

18. In breach of the Consulting Agreement, Global failed to pay defendant **STUART BOCKLER** the warrants for 150,000 free trading Global shares and the bonus of 25,000 free trading Global shares. This led Global and **BOCKLER** to renegotiate the Consulting Agreement.

19. As a result of the renegotiations, on or about September 14, 1999, **BOCKLER** and Global agreed to amend the Consulting Agreement to change **BOCKLER**'s compensation (the "Amended Consulting Agreement"). In lieu of the warrants and bonus, Global agreed to pay defendant **STUART BOCKLER** 200,000 shares of restricted stock, which were delivered to **BOCKLER** in September 1999.

20. On or about September 30, 1999, the 200,000 restricted shares were worth approximately \$1.275 million, based on a closing price of \$6.375.

21. According to the terms of the Amended Consulting Agreement, the 200,000 restricted shares of Global stock would become free trading by February 2000, approximately five months after **BOCKLER**'s compensation was renegotiated.

The October 13, 1999 Global Investment Report

22. On or about October 13, 1999, pursuant to the Amended Consulting Agreement, **BOCKLER** wrote and disseminated a Global investment report (the "October 13th Report") that contained the same disclosure as described in paragraph 12 above. **BOCKLER** posted the October 13th Report to the IMA website and sent approximately 30,000 emails to recipients directing them to IMA's website to view the report.

23. The October 13th Report also contained, among other things, a “Strong Buy” recommendation, and Global stock price projections of \$60-\$75 for the long term and a price projection of \$30-\$45 for the short term.

24. The October 13th Report also failed to disclose the compensation provisions of the Amended Consulting Agreement compensation, described in paragraph 19 above, and it further failed to disclose that defendant **STUART BOCKLER** had received profits of approximately \$175,000 from the sale of 18,750 free trading Global shares in January and February 1999.

25. Defendant **BOCKLER** disseminated the October 13th Report knowing full well that he had received and sold 18,750 free trading shares of Global stock, earning approximately \$175,000 in profits, and had received 200,000 restricted shares, as renegotiated compensation.

26. On or about October 13, 1999, based on a closing price of \$6.50, the 200,000 restricted shares were worth approximately \$1.5 million, a fact which **BOCKLER** also intentionally failed to disclose.

27. Within approximately a month after **BOCKLER**’s last Global investment report was disseminated in October 1999, the Global stock price started to decline. On or about November 11, 1999, for example, Global’s stock price closed at \$2.875.

28. On or about October 13, 1999, in the District of New Jersey and elsewhere, defendant

STUART BOCKLER,

by the use of means and instruments of communication in interstate commerce and by the use of the mails and interstate wires did publish, give publicity to, and circulate notices, circulars,

advertisements, newspapers, articles, letters, investment services, and communications which, though not purporting to offer a security for sale, described a security, namely those issued by Global Datatel, Inc., for consideration received and to be received, directly and indirectly, from the issuer, Global Datatel, Inc., without fully disclosing his receipt, past and present, of such consideration and the amount thereof.

In violation of Title 15, United States Code, Sections 77q(b) and 77x, and Title 18, United States Code, Section 2.

Supplemental Allegations

With respect to the offense with which defendant **STUART BOCKLER** is charged in this Indictment:

- a. Defendant's conduct involved more than minimal planning.
- b. Defendant's conduct was committed through mass marketing.
- c. Defendant's conduct involved sophisticated means.
- d. Defendant abused a position of private trust and used a special skill in a manner that significantly facilitated the commission and concealment of his crime.

A TRUE BILL

FOREPERSON

CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY